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FROM USOECD

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TAGS: [EAGR](#) [ETRD](#) [OECD](#)

SUBJECT: OECD: UNITED STATES CRITICIZED, BUT HOLDS FIRM  
ON BLOCKING PUBLICATION OF SUGAR REFORM PAPER

1. SUMMARY: The 55th session of the Working Party on Agriculture and Trade (JWP) of the Organization for Economic Cooperation and Development (OECD) concluded on November 7 after one full day of discussion at OECD headquarters in Paris. There actually was little contention among delegations for most items on the agenda, including papers on the commodity impacts and the household-level impacts of agricultural policy reforms and on tariff preferences, with Members generally exhibiting willingness to get the documents to the next step. The most significant debate occurred over the sugar paper ("An Analysis of Sugar Policy Reform and Trade Liberalization," COM/AGR/TD/WP[2004]54/REV2), with many delegations -- including the "friendlies" (i.e., Canada, New Zealand, Australia, and Mexico) -- questioning and/or attacking the U.S. decision to block declassification. As the meeting came to an end, the general atmosphere was tense, with many of the frustrations voiced against the U.S. position on the sugar paper appearing to linger in the minds of most of the delegations. It was finally decided to have the Committee on Agriculture (CoAg), at its meeting beginning later that month, review the Joint Working Party's discussion and the decision to block the sugar paper. END SUMMARY.

2. The draft Agenda (COM/AGR/TD/WP/A[2005]44) and draft summary record of the 54th Session (COM/AGR/TD/WP/M [2005]19) were both adopted as presented.

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The Impacts of Trade and Agricultural Policy Reform  
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3. Commodity Market Impacts of Trade and Domestic Agricultural Policy Reform (For Discussion and Declassification) (COM/AGR/TD/WP(2005)12/REV1): The United States began the discussion by stating that the paper was sensitive, since trade negotiators believed that any work that distinguishes winners and losers would not be helpful in Geneva. In addition, the United States noted that further technical work is needed. Other delegations supported the idea that the paper still needs further editing, but none threatened a political block provided that the author incorporated their comments. France had the most substantial edits, focusing on semantics such as when the text repeatedly interchanged words like "export support" with "export subsidies" (which it argued could mean different things), as well as when the paper failed to take into account preferences or price volatility within its analysis. Canada was a little annoyed that the Secretariat continued to inappropriately analyze

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Canadian cheese, since it had mentioned this discrepancy at the last JWP meeting. Australia and New Zealand had a few technical comments, while the EC asked for the writers to better clarify the overall presentation. The Secretariat said it would work with Canada and the other delegations to get the changes made, and then directly confronted the U.S. comments by stating for the record that the United States had placed a political block on the paper, hoping that at the beginning of 2006, in January, the United States would be more willing to approve declassification.

4. Global, National, and Household Effects of Trade and Agricultural Policy Reform (For Declassification) (COM/AGR/TD/WP[2005]45): Most delegations supported declassification, adding only a few comments or questions on the document. Those delegations that gave full support included the Netherlands, Canada, New Zealand, Denmark, and Australia. Nonetheless, others asked for more time for review, including France,

Germany, and the EC. France and Germany differed on what aspects to edit: France believed that the methodology was not realistic, since the writers extrapolated the results of developed countries to less affluent nations, while Germany argued that the methods showed relevant conclusions, but that explanations were lacking. Mexico had difficulty with the study as well, saying that it would declassify if its concerns were met, but gave no verbal critique and instead submitted written comments. The United States was the only delegation that mentioned the political sensitivity of the document for the Doha Development Round of negotiations in the World Trade Organization (WTO), and again asked for publication to be delayed until early 2006. However, the United States also provided comments on modeling and errors in the Mexican case study on farming communities, particularly on ejido communities. The Secretariat, again a little perturbed at the U.S. position, said it would continue to work with the delegations in an effort to have declassification approved under the written procedure by mid-January, and hoped that there would be no other holdups. Delegations were given two weeks to submit comments in writing.

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Agricultural Tariff Preferences  
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15. Agriculture Non-reciprocal Tariff Preferences by Quad countries (For Discussion and Declassification) (COM/AGR/TD/WP[2005]15/REV1): The general consensus from most of the delegations was that this paper was too sensitive for publication before the WTO Ministerial meeting in Hong Kong in December 2005. For example, the EC focused on the realism of the tariff models, arguing that the document has high political sensitivity, but said it could entertain a declassification proposal after December. France commented more on the trade flows and whether the study could concentrate on which liberalized products would more greatly benefit less affluent nations. Japan and Canada had similar sentiments. Noting that, with a low MFN rate, those countries that had preferential access would lose benefits, they requested more elaboration of this aspect within the paper. Canada in particular pushed to have the Secretariat model the actual outcomes after the Doha negotiations have finished. The United States opined that both the AgLink and GTAPEM models have limitations and may not be the most appropriate tool for this study. Moreover, the United States also declared this paper to be sensitive and said that it would revisit the possibility of declassification after January, but preferably in six to nine months. After acknowledging every delegation's comments, the Secretariat singled out the U.S. political block and inquired whether the United States would be willing to consider declassification in January. After the United States agreed to consider declassification at a later time, the Secretariat refrained from asking the other delegations the same question. The consensus was to ask delegations to send in written comments within two weeks and to hold a written procedure for declassification sometime in January.

16. Summary of Expert Meeting on how to Model the Impacts of Preferential Trade Arrangements and how to Improve the Directorate's Empirical Trade Modeling Tools (For Information) (COM/AGR/TD/WP/RD[2005]46): There was very little discussion on this agenda item, with the EC noting how timely it was to get scholarly input from the OECD on future trade issues. The United States stated that analysis using models other than AgLink and GTAPEM may be useful to better understand the questions that the writers pose.

17. For which Countries and Commodities do Agricultural Preferences Matter? (For Discussion) (COM/AGR/TD/WP [2005]47): Most countries had issues with the methodology used in the study. Canada was the only Member that supported the paper. France jokingly wondered if it had read the same document and asked the authors to analyze: 1) more developing countries; 2) how preferences affect exporters; and 3) the effects of quota rents. Norway agreed with France and wanted the analysis to concentrate on the before and after effects of liberalization. New Zealand questioned the actual data since it believed the quota rents were too high. The EC was particularly sensitive to the study's critique of its sugar program and said that its objective was not to make countries such as Fiji depend on sugar; rather, its programs were set up to encourage diversification. Later, the EC delegation roughly criticized Australia, which questioned portions of the EC's soapbox lecture, and continued for a second time

to rehash its logic. The United States stated that the paper was put on OLISnet (the OECD's internal website) too late for review and regretfully had no comments. The Secretariat promised to work with the delegations to address their concerns and to use quota rents within its analysis. This sparked a ten-minute debate between France and the Secretariat, since France wanted preferences to be analyzed first and quota rents second. In the end, France promised to meet bilaterally with the Secretariat, but still appeared irked that its request had not been initially acknowledged.

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FDI and Trade in the Food Sector  
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18. Linkages between Foreign Direct Investment, Trade and Trade Policy: An Economic Analysis with Application to the Food Sector (For Discussion and Declassification) (COM/TD/AGR/WP[2004]45/REV1): Little dialogue took place between delegations since everyone agreed to support declassification of this analysis. Canada and the EC were particularly favorable towards the document, whereas France, Poland, and the United States had technical comments, albeit ones that could easily be addressed in a revised version. France argued to have both the French and English versions declassified at the same time, once the writers incorporated all the comments, which every delegation agreed to.

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Sugar Paper: U.S. Objection to Declassification under Fire  
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19. Other Business: An Analysis of Sugar Policy Reform and Trade Liberalization (For Declassification) (COM/AGR/TD/WP [2004]54/REV2): The Secretariat stated that it was going to add the sugar paper to the JWP agenda and kindly thanked the Netherlands, Canada, and Australia for their comments. Afterward, the Secretariat redirected its attention to the United

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States, noting that the latter had blocked declassification in the written procedure. The United States responded multiple times to questioning from different delegations, explaining that we could not declassify now because of the sensitivity of the topic. The EC provided the most stinging remarks, pointing out that the United States had objected to six papers thus far in 2005 and opining that the United States has misused the OECD's resources by agreeing to a working agenda and then blocking it. Both the EC and Denmark asked if the issue could be placed on the agenda of the JWP's parent body, the Committee for Agriculture (CoAg). Most of the "friendlies" also spoke against the U.S. decision, with Australia and Canada offering the least scathing remarks and wondering when the topic of sugar would be less sensitive. New Zealand completely agreed with the EC, and supported asking for the U.S. decision to be discussed at the CoAg. (A "friendlies" meeting had been held before the JWP at the U.S. Mission, and the invited delegations made clear then that they would not support the U.S. position on the sugar paper.) France decidedly remained quiet and composed, although in a side conversation with the U.S. delegation, admitted to having problems with declassification. Adding more fuel to the fire, Agriculture Director Tangermann stated that the paper had been planned in the Program of Work and Budget (PWB) for some time and that the intention to release it publicly had been clear from the outset. He believed that staff morale will be seriously affected, since it would be uncertain if any of their work would be published if the current precedent continues. In the end, it was agreed to refer the matter to the CoAg for discussion.

10. Facilitating Adjustment: Sector Experiences from Agriculture, Telecommunications, and Chemical (TD/TC/WP[2005]28): The "Other Business" agenda item included the discussion of a new paper that would follow up on the Trade and Structural Adjustment Project (which was completed and presented to the May 2005 Ministerial Council Meeting). The Secretariat, responding to a question posed by the United States, confirmed that other developed countries would be included in the work. Afterward, the Secretariat briefly gave a summary of an outreach activity in Manila, the Philippines, that concentrated on trade liberalization. The conference went particularly well, and the OECD hopes to do another similar event in the Latin America and the Caribbean in 2006.

